

1 **Modified Text of Proposed Regulations**
2 **Second 15-Day Change**

3
4 **“Two Year Licensing of Gambling Establishments and Key Employees”**
5

6 **California Code of Regulations, Title 4. Business Regulations**
7 **Division 18. California Gambling Control Commission**
8 **Chapter 6. State Gambling Licenses and Approval For Gambling**
9 **Establishments, Owners, and Key Employees.**
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14 **Article 1. Definitions and General Provisions.**

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16 **12335. Definitions.**

17
18 (a) Except as otherwise provided in section 12002(b) of these regulations, the definitions
19 in Business and Professions Code section 19805 shall govern the construction of this
20 chapter.

21
22 (b) As used in this chapter:

23
24 (1) “Table Fee” means the fee established by Business and Profession Code, section
25 19951(b)(2).

26
27 Authority cited: Sections 19811(b), 19823, 19824, 19840 and 19841, Business and
28 Professions Code.

29 Reference: Sections 19800, 19805(l) and (o), 19811 and 19951(b)(2), Business and
30 Professions Code.

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32
33 **Article 2. Licensing**

34
35 **12340. Gambling License and Key Employee License.**

36
37 (a) No person may conduct a gambling operation without a current valid gambling
38 license issued by the Commission.

39
40 (b) No person may be a key employee of a gambling operation without a current valid
41 key employee license issued by the Commission.

42
43 (c) A state gambling license and key employee license shall be valid for a period of two
44 (2) years.

Authority cited: Sections 19811(b), 19823, 19824, 19840, 19841, 19850, 19851, 19852, 19853, 19854 and 19876(a), Business and Professions Code.

Reference: Sections 19850, 19851, 19854 and 19876(a), Business and Professions Code.

12342. Initial and Renewal License Applications; Required Forms.

(a) Any person applying for a state gambling license or key employee license shall, as appropriate, complete the following forms, which are hereby incorporated by reference:

(1) Application for State Gambling License, CGCC-030 (Rev. ~~01-05-08/07~~ 11/07).

(2) Application for Gambling Establishment Key Employee License, CGCC-031 (Rev. ~~01-05-08/07~~ 11/07).

(3) ~~Cardroom Applicant Supplemental Information for State Gambling License~~ Gambling Establishment Owner Applicant-Individual Supplemental Background Investigation Information, DGC-APP_015A (Rev. ~~09-04-08/07~~).

(4) ~~Cardroom Applicant—Business~~ Gambling Establishment Owner Entity Supplemental Information for State Gambling License, DGC-APP_015B (~~New 09-04~~ Rev. 08/07).

(5) Gambling Establishment Supplemental Information for State Gambling License, DGC-APP_ 015C (~~New 09-04~~ Rev. 08/07).

(6) ~~Cardroom Key Employee Supplemental Information for State Gambling License~~ Gambling Establishment Key Employee Supplemental Background Investigation Information, DGC-APP_016A (Rev. ~~09-04-08/07~~).

(7) Cardroom Applicant's Spouse Supplemental Background Information for State Gambling License, DGC-APP. 009A (Rev. 09-04).

~~(8) Renewal Supplemental Information for State Gambling/Key Employee License and Instructions to Renewal Applicants~~, DGC APP. 017A (Rev. 12-04).

(8) Trust Supplemental Background Investigation Information, DGC-APP-143 (~~New 08/07~~ 11/07).

(9) Declaration of Full Disclosure, DGC-APP. 005 (Rev. 09-04).

(10) Authorization to Release Information, DGC-APP. 006 (Rev. ~~09-04-08/07~~).

(11) Applicant's Declaration, Acknowledgment and Agreement (Community Property Interest), DGC-APP. 011 (Rev. 09-04).

- (12) Applicant's Declaration, Acknowledgment and Agreement (Sole and Separate Property), DGC-APP. 012 (Rev. 09-04).
- (13) Spouse's Declaration, Acknowledgment and Agreement (Community Property Interest), DGC-APP. 013 (Rev. 09-04).
- (14) Spouse's Declaration, Acknowledgment and Agreement (Sole and Separate Property), DGC-APP. 014 (Rev. 09-04).
- ~~(15) Report of Annual Gross Revenues DGC APP. 018 (Rev. 09-03).~~
- ~~(16) Declaration of Compliance With The Requirement for Public Notice of Application for a Gambling License, DGC LIC. 100 (Rev. 07-03).~~
- ~~(17) Instructions for Public Notice of an Application for a Gambling Establishment License, DGC LIC. 102 (Rev. 07-03).~~
- ~~(18) Public Notice of An Application for a Gambling Establishment License, DGC LIC. 102A (Rev. 7-03).~~
- ~~(19)~~(15) Appointment of Designated Agent, DGC-APP. 008 (Rev. 09-03).
- ~~(20) Employee Work Permit Certification, DGC APP. 019 (Rev. 09-03).~~
- ~~(21)~~(16) Key Employee Report, DGC-LIC. 101(Rev. 07-03).
- ~~(22) Instructions to Applicants, DGC APP. 007 (Rev. 12-04).~~
- ~~(23)~~(17) Instructions to Applicant's Spouse, DGC-APP. 010 (Rev. 12/04).
- ~~(24)~~(18) Notice to Applicants, DGC-APP. 001 (Rev. 09-04).
- ~~(25)~~(19) Request for Live Scan Service (California Department of Justice Form BCII 8016, Rev. 4/01).
- ~~(26)~~(20) Request for Copy of Personal Income Tax or Fiduciary Return, FTB-3516C1 (Rev. 06/03 side 1-PIT).
- ~~(27)~~(21) Request for Copy of Corporation, Exempt Organization, Partnership, or Limited Liability Company Return FTB-3516C1 (Rev. 06/03 side 2-CORP).
- ~~(28)~~(22) Tax Information Authorization (IRS 8821, Rev. April 2004)Request for Transcript of Tax Return IRS 4506-T, Rev. April 2006).

Authority cited: Sections 19811, 19824, 19840 and 19841, Business and Professions Code.

Reference: Sections 19850, 19851, 19852, 19854, 19855, 19856, 19857, 19864, 19865, 19866, 19867, 19876, 19880, 19881, 19883, 19890, 19893, 19951 and 19982, Business and Professions Code.

12343. Processing Times -Initial Applications.

(a) Except as provided in subsection (b), initial gambling or key employee license applications submitted pursuant to this chapter shall be processed within the following timeframes:

(1) The maximum time within which the Commission shall notify the applicant in writing that an application or a resubmitted application is complete and accepted for initial processing by the Commission, or that an application or a resubmitted application is deficient and identifying what specific additional information is required, is 20 days after receipt of the application. For the purposes of this section, "application" means the Application for State Gambling License, CGCC-030 (Rev. ~~01-05-08/07~~ 11/07) and the Application for Gambling Establishment Key Employee License, CGCC-031 (Rev. ~~01-05-08/07~~ 11/07), both of which are incorporated by reference in Section 12342. An application is not complete unless accompanied by the fee of five hundred dollars (\$500) specified in Business and Professions Code section 19951(a). In addition, an applicant shall submit with the application, any supplemental information required by section 12342 for review by the Division pursuant to paragraph (3) of this subsection. The supplemental information shall not be reviewed for completeness by the Commission.

(2) An application for a license and the supplemental information shall be forwarded by the Commission to the Division ~~for processing~~ within 10 days of the date that the Commission determines that the application is complete.

(3) The Division shall review the supplemental information submitted for completeness and notify the applicant of any deficiencies in the supplemental information, or that the supplemental information is complete, within 30 days of the date that the application and supplemental information are received by the Division from the Commission. Notwithstanding this subsection, subsequent to acceptance of the supplemental information as complete, the Division may pursuant to Business and Professions Code section 19866 require the applicant to submit additional information.

(4) Pursuant to Business and Professions Code section 19868, the Division shall, to the extent practicable, submit its recommendation to the Commission within 180 days after the date the Division is in receipt of both the completed application pursuant to paragraph (2) of this subsection and the completed supplemental information pursuant to paragraph (3) of this subsection. If the Division has not concluded its investigation within 180 days, then it shall inform the applicant and the Commission in writing of the status of the investigation and shall also provide the applicant and the

Commission with an estimated date on which the investigation may reasonably be expected to be concluded.

(5) The Commission shall grant or deny the application within 120 days after receipt of the final written recommendation of the Division concerning the application, except that the Commission may notify the applicant in writing that additional time, not to exceed 30 days, is needed.

(b) The processing times specified in subsection (a) may be exceeded in any of the following instances:

(1) The applicant has agreed to extension of the time.

(2) The number of licenses to be processed exceeds by 15 percent the number processed in the same calendar quarter the preceding year.

(3) The Commission must rely on another public or private entity for all or part of the processing and the delay is caused by that other entity.

Authority cited: Sections 19811, 19824, 19840 and 19841, Business and Professions Code.

Reference: Sections 19841 and 19868, Business and Professions Code.

12344. License Renewals.

(a) Each application for renewal of a state gambling license ~~for an individual or a business organization~~ or for renewal of a key employee license shall be accompanied by all of the following:

(1) A completed ~~form~~ application:

(A) Applicants for a state gambling license shall use the form "Application for State Gambling License, CGCC-030 (Rev. ~~01-05~~08/0711/07)."

(B) Applicants for a key employee license shall use the form "Application for Gambling Establishment Key Employee License, CGCC-031 (Rev. ~~01-05~~08/0711/07)."

~~(2) A completed form entitled "Renewal Supplemental Information for State Gambling/Key Employee License and Instructions to Renewal Applicants, DGC-APP.017A (Rev. 12-04)" together with any documents required by the form.~~

~~(3)~~(2) A nonrefundable application fee in the amount of five hundred dollars (\$500).

1 (b) Each key employee or other person whose name is required to be endorsed upon the
2 license shall submit a separate application for renewal of that person's license, together
3 with the application fee specified in subsection (a).
4

5 (c) All applications for renewal of state gambling licenses and key employee licenses for
6 a particular gambling establishment shall be submitted together as a single package to the
7 California Gambling Control Commission.
8

9 (d) If, after a review of an application for renewal of a state gambling license or a key
10 employee license, the Division of Gambling Control determines that further investigation
11 is needed, the applicant shall submit an additional sum of money that, in the judgment of
12 the Director of the Division, will be adequate to pay the anticipated investigation and
13 processing costs, in accordance with Business and Professions Code section 19867.
14

15 Authority cited: Sections 19811, 19824, 19840 and 19841, Business and Professions
16 Code.

17 Reference: Sections 19876, 19851 and 19951, Business and Professions Code.
18
19

20 **12345. Processing Times -Renewal Applications.**

21

22 (a) Except as provided in subsection (b), renewal gambling or key employee license
23 applications submitted pursuant to Section 12344 shall be processed within the following
24 timeframes:
25

26 (1) An application for renewal of a gambling license or key employee license shall be
27 filed by the owner licensee or the key employee with the Commission no later than
28 120 days prior to the expiration of the current license.
29

30 (2) The maximum time within which the Commission shall notify the applicant in
31 writing that an application or a resubmitted application is complete and accepted for
32 initial processing by the Commission, or that an application or a resubmitted
33 application is deficient and identifying what specific additional information is
34 required, is 10 days after receipt of the application. For the purposes of this section,
35 "application" means the Application for State Gambling License, CGCC-030 (Rev.
36 01-05~~08/07~~11/07) and the Application for Gambling Establishment Key Employee
37 License, CGCC-031 (Rev. 01-05~~08/07~~11/07), both of which are incorporated by
38 reference in Section 12342. An application is not complete unless accompanied by
39 the fee of five hundred dollars (\$500) specified in Business and Professions Code
40 section 19951(a). In addition, an applicant shall submit with the application, any
41 supplemental information required by section 12342 for review by the Division.
42

43 (3) An application for a license and the supplemental information shall be forwarded
44 by the Commission to the Division for processing within five days of the date that the
45 Commission determines that the application is complete.
46

(4) The Division shall submit its written recommendation concerning the renewal application to the Commission no later than 45 days prior to the expiration of the current license.

(b) The processing times specified in paragraphs (2) through (4) of subsection (a) may be exceeded in any of the following instances:

(1) The applicant has agreed to extension of the time.

(2) The number of licenses to be processed exceeds by 15 percent the number processed in the same calendar quarter the preceding year.

(3) The Commission must rely on another public or private entity for all or part of the processing and the delay is caused by that other entity.

Authority cited: Sections 19811, 19824, 19840 and 19841, Business and Professions Code.

Reference: Sections 19868 and 19876, Business and Professions Code.

Article 3. Table Fee; Requests for Additional Tables

12357. Table Fee.

The fee required by Business and Professions Code section 19951, subdivision (b)(2)(B) shall be based on the criteria in subsection (a) or (b) of this section, whichever is applicable, and shall be due and paid annually by the holder of a state gambling license to the Commission no later than 120 calendar days following the end of the licensee's fiscal year.

(a) The fee specified in Business and Professions Code section 19951, subdivision (c) shall be based on the number of tables authorized by the license during the licensee's preceding fiscal year.

(b) The fee specified in Business and Professions Code section 19951, subdivision (d) shall be based on the owner licensee's gross revenues for the preceding fiscal year.

(c) Each holder of a state gambling license shall submit to the Commission, together with their payment of the annual fee specified in this section, a completed form Gambling Establishment Annual Fee Calculation, CGCC-028 (New 08/07), which is hereby incorporated by reference.

Authority cited: Sections 19811(b), 19823, 19824, 19840, 19841, 19876(a) and 19951, Business and Professions Code.

Reference: Sections 19841, 19876(a) and 19951, Business and Professions Code.

1
2 **12358. Request for Additional Temporary Tables for Tournaments or Special**
3 **Events.**
4

5 (a) An owner licensee of a gambling establishment may apply to operate, on a limited and
6 temporary basis, for a tournament or special event (hereinafter, event), more tables than
7 the gambling establishment is authorized to regularly operate. To apply for additional
8 tables, the applicant must submit to the Commission, no less than 45 days prior to the
9 event, the following for each event:

10
11 (1) A completed and signed application form entitled "Request for a Certificate to
12 Operate Additional Tables on a Temporary Basis" CGCC-024 (Rev. 07/06), which is
13 attached in Appendix A to this Chapter.

14
15 (2) A non-refundable application fee of \$500, ~~made payable to the California~~
16 ~~Gambling Control Commission~~, plus a Division review deposit ~~made payable to the~~
17 ~~Division of Gambling Control~~, pursuant to California Code of Regulations, title 11,
18 section 2037, made payable to the California Gambling Control Commission.
19

20 (3) Fees for the additional tables, as calculated according to the form in subsection
21 (a)(1), above.
22

23 (b) The Commission shall not grant the application if a review by the Division discloses
24 any of the following:
25

26 (1) The requested temporary increase in the number of tables would exceed the
27 number of tables allowed to be operated by the local jurisdiction for either the
28 particular cardroom or the jurisdiction where the gambling establishment is located.
29

30 (2) The requested temporary increase in the number of tables has been denied by the
31 local jurisdiction where the gambling establishment is located.
32

33 (3) The gambling establishment's state gambling license is suspended or contains
34 conditions precluding the approval of a temporary increase in the number of tables.
35

36 (4) The gambling establishment has outstanding fees, deposits, fines, or penalties
37 owing to the Commission or to the Division.
38

39 (c) The Commission may deny the application if the application as submitted was
40 untimely or incomplete.
41

42 (d) A request by an applicant to withdraw the application shall result in the application
43 being considered abandoned, and the fees for the additional tables and unused deposit
44 amounts returned, with no further action to be taken by the Commission.
45

46 (e) The Commission may delegate the authority to deny the requested temporary increase

1 or to issue a license certificate approving the requested temporary increase in the number
2 of tables to any employee of the Commission. Commission staff shall commence the
3 initial review and shall forward the application to the Division for review within 7 days
4 of receipt of the application. The Division shall complete its review and return its
5 findings to the Commission within 25 days of receipt of the application from the
6 Commission. Commission staff shall then complete the review within 13 days of
7 receiving the Division's findings and notify the applicant.

8
9 Authority cited: Sections 19811, 19823, 19824, 19840, 19841(a)-(c) and (p), 19864,
10 19950(b) and 19952, Business and Professions Code.

11 Reference: Section 19951, Business and Professions Code.

12 13 14 **12359. Request for Additional Permanent Tables.**

15
16 (a) The owner licensee of a gambling establishment may apply to operate additional
17 tables on a permanent basis by submitting the following to the Executive Director:

18
19 (1) A completed and signed application form entitled "Application for Additional
20 Authorized Permanent Tables" CGCC-027 (Rev. 07-06), which is attached in
21 Appendix A to this Chapter.

22
23 (2) A non-refundable application fee of \$500, ~~made payable to the California~~
24 ~~Gambling Control Commission~~, plus a Division review deposit ~~made payable to the~~
25 ~~Division of Gambling Control~~, pursuant to California Code of Regulations, title 11,
26 section 2037, made payable to the California Gambling Control Commission.

27
28 (b) The Commission shall not grant the application if any of the following are disclosed
29 by the application or the results of the investigation of the applicant by the Division:

30
31 (1) The requested increase in the number of tables would exceed the number of tables
32 allowed to be operated by the local jurisdiction for either the particular cardroom or
33 the jurisdiction in which the gambling establishment is located.

34
35 (2) The requested increase in the number of tables has been denied by the local
36 jurisdiction in which the gambling establishment is located.

37
38 (3) The gambling establishment's state gambling license is suspended or is subject to
39 conditions precluding the approval of an increase in the number of tables.

40
41 (4) The gambling establishment has outstanding fees, deposits, fines, or penalties
42 owing to the Commission or to the Division.

43
44 (c) A request by an applicant to withdraw the application shall result in the application
45 being considered abandoned and unused deposit amounts returned, with no further action
46 to be taken by the Commission.

1
2 (d) Commission staff shall commence the initial review and shall forward the application
3 to the Division for investigation within 7 days of receipt of the application. The Division
4 shall complete its review and return its findings to the Commission within 25 days of
5 receipt of the application from the Commission. Commission staff shall then complete
6 the review and set the request on the Commission agenda within 90 days of receiving the
7 Division's findings and advise the applicant of the agenda date and any required table
8 fees due. If the request for additional permanent tables is approved, applicant must pay
9 the required tables fee due before placing the additional tables in operation.

10
11 Authority cited: Sections 19811, 19823, 19824, 19840, 19841, 19864, 19950(b) and
12 19951, Business and Professions Code.

13 Reference: Section 19951, Business and Professions Code.